

# Senate File 4 - Introduced

SENATE FILE \_\_\_\_\_  
BY KETTERING

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the taxation of casual sales of vehicles,  
2 aircraft, and watercraft under the state sales tax, providing  
3 refunds, and including effective and retroactive applicability  
4 date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1171XS 82  
7 mg/cf/24

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1 1 Section 1. Section 423.3, subsection 39, Code 2007, is  
2 amended to read as follows:  
1 3 39. The sales price from "casual sales".  
1 4 "Casual sales" means:  
1 5 a. Sales of tangible personal property, or the furnishing  
1 6 of services, of a nonrecurring nature, by the owner, if the  
1 7 seller, at the time of the sale, is not engaged for profit in  
1 8 the business of selling tangible personal property or services  
1 9 taxed under section 423.2.  
1 10 b. The sale of all or substantially all of the tangible  
1 11 personal property or services held or used by a seller in the  
1 12 course of the seller's trade or business for which the seller  
1 13 is required to hold a sales tax permit when the seller sells  
1 14 or otherwise transfers the trade or business to another person  
1 15 who shall engage in a similar trade or business.  
1 16 c. Notwithstanding paragraph "a", the sale, furnishing, or  
1 17 performance of a service that is of a recurring nature by the  
1 18 owner if, at the time of the sale, all of the following apply:  
1 19 (1) The seller is not engaged for profit in the business  
1 20 of the selling, furnishing, or performance of services taxed  
1 21 under section 423.2. For purposes of this subparagraph, the  
1 22 performance of the recurring nature of selling, furnishing, or  
1 23 performance of services does not constitute by itself engaging  
1 24 for profit in the business of selling, furnishing, or  
1 25 performance of services.  
1 26 (2) The owner of the business is the only person  
1 27 performing the service.  
1 28 (3) The owner of the business is a full-time student.  
1 29 (4) The total gross receipts from the sales, furnishing,  
1 30 or performance of services during the calendar year does not  
1 31 exceed five thousand dollars.  
1 32 ~~The exemption under this subsection does not apply to~~  
1 33 ~~vehicles subject to registration, aircraft, or commercial or~~  
1 34 ~~pleasure watercraft or water vessels.~~  
1 35 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties  
2 1 which arise from claims resulting from the amendment to  
2 2 section 423.3, subsection 39, in this Act, for the casual sale  
2 3 of vehicles subject to registration, aircraft, or commercial  
2 4 or pleasure watercraft or water vessels occurring between July  
2 5 1, 2005, and the effective date of the section amending  
2 6 section 423.3, subsection 39, in this Act, shall be limited to  
2 7 twenty-five thousand dollars in the aggregate and shall not be  
2 8 allowed unless refund claims are filed prior to October 1,  
2 9 2007, notwithstanding any other provision of law. If the  
2 10 amount of claims totals more than twenty-five thousand dollars  
2 11 in the aggregate, the department of revenue shall prorate the  
2 12 twenty-five thousand dollars among all claimants in relation  
2 13 to the amounts of the claimants' valid claims.  
2 14 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
2 15 This Act, being deemed of immediate importance, takes effect  
2 16 upon enactment and applies retroactively to July 1, 2005.  
2 17 EXPLANATION  
2 18 Current sales tax law provides for an exemption for casual

2 19 sales. In the 2005 Session a provision was enacted that  
2 20 provided that the exemption for casual sales did not apply to  
2 21 sales of vehicles subject to registration, aircraft, and  
2 22 commercial or pleasure watercraft or water vessels. This  
2 23 provision took effect July 1, 2005. This bill strikes that  
2 24 provision and makes the strike retroactive to July 1, 2005.  
2 25 The bill also limits, to \$25,000, the aggregate amount of  
2 26 refunds as a result of the retroactive applicability date.  
2 27 The bill takes effect upon enactment and applies  
2 28 retroactively to July 1, 2005.  
2 29 LSB 1171XS 82  
2 30 mg:rj/cf/24